

GOVERNMENT OF ANDHRA PRADESH  
A B S T R A C T

MA & UD DEPARTMENT - 13<sup>th</sup> Finance Commission – Guidelines on Preparation of Annual Development Plan by Urban Local Bodies for Improvement of Urban Services with Grants under 13<sup>th</sup> Finance Commission – Approved - Orders – Issued.

MUNICIPAL ADMINISTRATION & URBAN DEVELOPMENT (R) DEPARTMENT

G.O.Rt.No. 532

Dated: 14-05-2010

Read the following:-

1. Meeting held on 17.04.2009 and 29.04.2010 at 10.30 AM in the chambers of the Principal Secretary (MA), MA & UD Department.
2. From the C&DMA., Hyderabad Lr.Roc.No.6267/2010/H1 dated:01.05.2010.

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O R D E R:

The 13<sup>th</sup> Finance Commission, has recommended two categories of Grants to Local Bodies namely (1) General Basic Grant and (2) General Performance Grant. The Basic Grants will be released on furnishing the U.Cs for the last releases and the General Performance Grant will be released on fulfillment of nine conditions by the State Government, as stipulated in para 10.16.1 of the report of the 13<sup>th</sup> Finance Commission by March of a particular financial year.

2. A meeting was held in the chambers of Principal Secretary, MA on 17.04.2010 and on 29.04.2010 on implementation of the conditionalities imposed under 13<sup>th</sup> Finance Commission and the need for formulation of Guidelines for the purpose. The views of ASCI Team, Commissioner, GHMC., select RDDs were also taken into consideration. One of the decision taken in the said meeting is to formulate the Guidelines for preparation of Annual Development Plan by ULBs and the steps for timely utilization of Grants under 13<sup>th</sup> Finance Commission.

3. Pursuant to the decisions taken in the meetings, the C&DMA., Hyderabad submitted Draft Guidelines vide his letter 2<sup>nd</sup> read above, on preparation of Annual Development Plan by Urban Local Bodies for improvement of Urban Services With Grants Under 13<sup>th</sup> Finance Commission.

4. After Careful examination the Government here by approve the Guidelines annexed to this G.O. for preparation of Annual Development Plan by Urban Local Bodies and direct that, these Guide lines shall be strictly adhered to by the Urban Local Bodies in the State, while preparing and implementing Annual Development Plans for improvement of the Urban Services with the Grants released under 13<sup>th</sup> Finance Commission.

5. The Commissioner and Director of Municipal Administration, Hyderabad shall take further necessary action accordingly.

(BY ORDER AND IN THE NAME OF THE GOVERNOR OF ANDHRA PRADESH)

T.S.APPA RAO  
PRINCIPAL SECRETARY TO GOVERNMENT

To

The Commissioner and Director of Municipal Administration, Hyderabad.

All the Urban Local Bodies through C&DMA, Hyderabad.

Copy to:

The P.S. to M(MA)

The P.S. to Principal Secretary to Government (MA), MA & UD Department.

The P.S. to Principal Secretary to Government (UD), MA & UD Department.

The P.A. to Special Secretary to Government, MA & UD Department.

Sf/Sc

//FORWARDED BY ORDER//

RESEARCH OFFICER



**Guidelines on preparation of Annual Development Plan by ULBs for  
improvement of urban services with grants under  
Thirteenth Finance Commission**

The Thirteenth Finance Commission (XIII FC) constituted by Government of India submitted its report on 30-12-2009 and the report is made available by Government of India on their website "[www.fincomindia.nic.in](http://www.fincomindia.nic.in)". The Government of India accepted the recommendations of the Thirteenth Finance Commission which cover the period 2010-15.

2. The Commission has recommended two categories of grants to Local Bodies namely (1) General basic grant (2) General performance grant. The grant recommended to ULBs in AP is Rs. 1919.20 crores for the XIII FC period. The details of grants recommended year-wise to ULBs in AP are as follows :

<u>Year</u>		<u>Grant</u> <u>(Rs. in crores)</u>
2010-11	-	178.66
2011-12	-	278.03
2012-13	-	408.33
2013-14	-	482.92
2014-15	-	570.91

3. The basic grants will be released on furnishing the UCs for the last releases. The general performance grant will be released on fulfillment of nine conditions by the State as stipulated in para 10.161 of the Report of XIII FC by March of a particular financial year.

4. Every Urban Local Body has to prepare an Annual Development Plan for improvement of urban services with the grants to be released under XIII FC. The main objective of the Annual Development Plan is to ensure planned growth of the city / town for improving the quality of the life for citizens. The following guidelines are issued to Urban Local Bodies for preparation of Annual Development Plan.

**5. Municipal Annual Development Plan – Admissible Components :**

The following Sectors relating to Urban Services will be admissible for inclusion in the Annual Development Plan to be prepared with grants under XIII FC.

- 5.1. Integrated solid waste management under PPP mode excluding purchase of equipment for collection and transport of garbage since the said equipment has been purchased with 12<sup>th</sup> Finance Commission grants.
- 5.2. Town-wide sullage drain projects as per city sanitation plan covering  
(1) Construction and interception of sullage outfall drains and treatment of sullage (2) Establishment of STPs preferably on PPP mode
- 5.3. Service Level Bench marking (SLB).
- 5.4. Protection of lakes and tanks covering (1) Construction of STP (2) Construction of compound wall wherever required (3) Strengthening of bunds wherever required (4) Greenbelt around lakes and tanks.
- 5.5. Urban forestry and development of parks including avenue plantation, protection of parks, protection of open spaces.
- 5.6. Improvement of Municipal School Buildings and facilities in Municipal Schools wherever necessary.

6. The following steps have to be followed for preparation of Municipal Annual Development Plan by ULBs.

**Step-1 Preparation of town profile:-** Every Urban Local body shall collect data and prepare town profile, among others, covering the following information.

1. ULB at a glance
2. Infrastructure in a nutshell
3. Receipts for last 5 years
4. Expenditure for last 5 years
5. Reforms initiated and their impact
6. Infrastructure coverage
7. Details of on going schemes

The town profile shall be prepared in annexure – I appended.

**Step-2 Preparation of Five Year Plan :**

The C&DMA will provide an indication of grants likely to be received by each ULB for the next five years from 2010-11 to 2014-15 year-wise from XIII FC recommendations. Based on the indication of funds, the Municipal Commissioner will prepare a draft five year plan for taking up works essentially required under admissible sectors in the next five years duly indicating the funds proposed for each sector year-wise. Later on, the draft five year plan shall be placed before the Municipal Council / Corporation for indicating the prioritization of one or more of the admissible sectors to be taken up year-wise in the five year plan and to approve the Five Year Plan.

**Step-3 Constitution of Technical Working Group**

A technical working group shall be constituted in each ULB by the Municipal Commissioner for preparation of Annual Development Plan with the following composition :

1. Municipal Commissioner
2. Head of the Engineering Section
3. Head of the Town Planning Section
4. Head of the Health Section
5. Head of Urban Forestry / Horticulture Section
6. Two Experts in Urban Development (if available)
7. Two Consultants in Urban Development (if available)
8. Executive Engineer (PH) in case of Grade-II and Grade-III

Municipalities

The Municipal Commissioner shall call for proposals from elected members of ULB, Officer bearers of Town Level Federation of Self Help Groups or SLFs in the absence of TLFs, Confederation of Residents Welfare Associations, NGO's duly furnishing the sector wise allocations indicated by the Council / Corporation for preparation of Five Year Plan and Annual Development Plan.

While preparing the Annual Development Plan, the technical working group shall ensure that 40% of the grants to be received under XIII FC are proposed for utilization in slum areas for the sectors admissible to the extent possible. Further the technical working group shall take in to consideration the proposals received from various above groups and prepare the Draft Annual Development Plan.

**Step-4 Draft Development Plan :**

The technical working group shall prepare a draft Annual Development Plan in two sittings. The Annual Development Plan outlay shall be equivalent to the grants under XIII FC as indicated by the C&DMA. The draft development plan of the technical working group may contain the following chapters :

- a. Description of the sector with data.
- b. Efforts made in the sector during the last three years.
- c. Existing problems, gaps, needs in the sector.
- d. Strategies for addressing them.
- e. Draft project proposals with reasons for such proposals.
- f. Estimated cost of the works.

**Step-5 Planning Process :** Participation of the community is key to the entire planning process for preparation of Annual Development Plan. A stakeholders workshop shall be conducted as per the existing practice i.e. process adopted for APUSP, RNB,APMDP (World Bank Aided Project) on the Draft Annual Development Plan duly circulating the draft to the participants in advance. The views expressed in the stakeholders workshop shall be taken in to consideration before finalization of the draft Annual Development Plan.

**Step-6 Approval of Plan:** As a next step, the draft Annual Development Plan should be placed before the Municipal Council / Corporation for its approval.

**Step-7 Structure of the Annual Development Plan :** The Annual Development Plan shall be submitted to the C&DMA for arranging approval and should consist of the following chapters.

**Executive Summary**

**Chapter – 1**

- i. Year of constitution - Area
- ii. Population including population of SC, STs and Women
- iii. Composition of the Municipal Council / Corporation
- iv. Infrastructure details
- v. Income and expenditure details for the last five years
- vi. Recent initiatives and notable developments during the last three years
- vii. Any other relevant information

## **Chapter – 2**

- i. Five year plan of ULB
- ii. Prioritization of Sectors
- iii. Objectives of the Five Year Plan
- iv. Outcomes of the Five Year Plan

## **Chapter – 3**

Summary of projects sector – wise  
Project-wise information

- a. Existing Scenario
- b. Intended Scenario
- c. Size of the gap
- d. Phased filling up of the gaps
- e. Targets for the sector
- f. Brief description of the projects proposed in the sector

## **Chapter – 4**

Abstract of the Annual Development Plan in Annexure-II enclosed to the guidelines.

## **Chapter – 5**

- a. Monitoring mechanism
- b. Monitoring of outcomes

### **7. Monitoring and Review :**

The Municipal Council / Corporation shall undertake monitoring and review of the Annual Development Plan once in a quarter for effective implementation of the Plan.

### **8. Role of Department of Municipal Administration and other functionaries :**

The following functionaries in Municipal Administration Department will undertake the activities as shown against each.

#### **8.1 Sanctioning and Monitoring Committee:**

Sanctioning and monitoring committee will be constituted with the following members to accord approval for Annual Development Plans submitted by ULBs.

1. Principal Secretary to Government (MA) MA&UD Department :  
Chairman
  2. Director, MEPMA :  
Member
  3. Engineer-in-chief (Public Health) :  
Member
  4. Director of Town and Country Planning :  
Member
  5. Addl. Secretary / Joint Secretary, Finance Department :  
Member
  6. An Expert in Urban Development :  
Member
  7. Commissioner and Director of Municipal Administration :  
Member-
- Convener

The Commissioner and Director of Municipal Administration will scrutinize the Annual Development Plans submitted by ULBs and place them before the Committee for consideration and approval. The Committee will also take up quarterly review on the implementation of Annual Development Plan by ULBs.

## **8.2 XIII Finance Commission Cell :**

A Cell shall be created in the Office of the CDMA for operationalizing the recommendations of 13<sup>th</sup> Finance Commission with the following composition.

1. Additional Director of Municipal Administration (UPA)
2. Sri K.Kamalakar Babu, Executive Director, APUFIDC
3. Sri G.Srinivasa Rao, Joint Director of Municipal Administration
4. Sri Khadar Saheb, Joint Director of Municipal Administration
5. Sri P.Gopinath, MIS Expert

The Project Director, APMDP will head the above cell to have better integration of reforms under 13<sup>th</sup> Finance Commission and APMDP

## **Functions and Responsibilities of 13<sup>th</sup> Finance Commission Cell :**

- a. To provide an indication of grants likely to be received by each ULB from XIII FC;
- b. To scrutinize and place Annual Development Plans of ULBs before the Plan Approval Committee / Sanctioning and Monitoring Committee;
- c. Issue of Guidelines for inter-se distribution of grants among the Urban Local Bodies and distribution of Grants;
- d. Issue of Administrative sanctions;
- e. Replies to audit objections at the State Level etc;
- f. Monitoring & Evaluation – Monitoring may be undertaken separately for (a) plan preparation and (b) for plan implementation with the help of the Regional Directors of Municipal Administration Superintending Engineers of PHED, Regional Deputy Directors of Town Planning concerned and Municipal Commissioners;
- g. Clarifications on issues arising out of plan preparation, issue of administrative instructions;
- h. To conduct quality control in the execution of works and place the reports before the sanctioning and monitoring committee for review;
- i. To conduct concurrent evaluation of works and place the findings it before the sanctioning and monitoring committee for review;
- j. Obtaining utilization certificates from the implementing agencies after communicating a suitable format for the same and;
- k. To ensure utilization of XIII Finance Commission Grants with the stipulated period in all ULBs.
- l. Development guidelines on preparation of Annual Development Plan by ULBs for improvement of urban services with grants under Thirteenth Finance Commission.
- m. Issue of orders approving the Annual Development Plans prepared by the ULBs.
- n. To obtain quarterly progress reports on utilization of XIII Finance Commission Grants from all ULBs and submit a report to the Government in this matter.



- o. To take appropriate action in respect of the following conditions stipulated by XIII Finance Commission by end of March, 2011.
  - i. To ensure introduction of accrual based double entry accounting system in all ULBs by 31.03.2011 and thereafter continuing the same every year.
  - ii. To prepare a plan of action and ensure timely conduct of audit of all ULBs in association with Director of Local Fund Audit.
  - iii. To enable all ULBs to levy property tax on all types of residential and commercial properties by removing hindrances if any, in this regard.
  - iv. To put in place a State Level Property Tax Board to assist all ULBs to provide an independent and transparent procedure for assessing property tax.
  - v. To issue a notification by the State about the minimum level services to be provided by all ULBs in respect of four services sector of water supply, sewerage, storm water drainage and SWM.
- p. Monitoring preparation of Annual Action Plan and the utilization of funds received under BRGF.

### **8.3. Municipal Commissioner :**

- a. In-charge of the planning exercise in the ULB as a member-convener of the technical working group.
- b. To organize interactive sessions in the ULB as indicated in the guidelines and help in promoting the participation of all the stakeholders, peoples' representatives, official functionaries and the like.
- c. Audit of accounts, submission of replies to Audit objections at the ULB level etc.

### **8.4. Municipal Council / Corporation :**

- a. Approval of Five Year Plan.
- b. Prioritization of the sectors to be taken up under five year plan.
- c. Approval of Annual Development Plan.
- d. Monitoring and review of Annual Development Plan.

## **9. Timeframe for finalization of Annual Development Plan for the year 2010-11**

The following timeframe shall followed for finalization of Annual Development Plan of ULBs for the year 2010-11.

1. Approval of Five Year Plan by the Corporation / Council - 15-6-2010
2. Preparation of Draft Annual Development Plan by the working group - 15-7-2010
3. Consultation with stakeholders on Annual Development Plan - 31-7-2010
4. Approval of Annual Development Plans by Corporation / Council - 31-8-2010
5. Submission of Annual Development Plan by ULBs to C&DMA - 15-9-2010
6. Approval of Annual Development Plans by Sanctioning and Monitoring Committee - 30-9-2010

**10. Time frame for finalization of Annual Development Plan for the years 2011-12 to 2014-15.**

1. Preparation of Draft Annual Development Plan by the working group - End of January of every year
2. Consultation with stakeholders on Annual Development Plan - 15<sup>th</sup> February of every year
3. Approval of Annual Development Plans by Corporation / Council - 15<sup>th</sup> March of every year
4. Submission of Annual Development Plan by ULBs to C&DMA - End of March every year
5. Approval of Annual Development Plans by Sanctioning and Monitoring Committee - 15<sup>th</sup> April of every year

**11. Progress Reports :**

- a) Submission of quarterly progress report to C&DMA in annexure-III : Every 10<sup>th</sup> of the month succeddng the Quarter i.e. April, July, October, January of every year
- b) Review by Sanctioning and Monitoring Committee : 25<sup>th</sup> of every month succeddng the Quarter

T.S.APPA RAO  
PRINCIPAL SECRETARY TO GOVERNMENT

Enclosures:

1. Annexure – I : Town Profile
2. Annexure – II : ULB Annual Development Plan outlay.
3. Annexure – III : Quarterly Progress Report

## Annexure – I - Town Profile

### 1.1 ULB at a Glance

Item		Units	Details
Area		Sq.Km.	
Year of Constitution		Year	
Grade of the Municipality		Grade	
Population	2001 Census	No.	
Population	1991 Census	No.	
Population of SCs	2001 Census	No.	
Population of STs	2001 Census	No.	
Total Households		No.	
Literacy	Male	%	
Literacy	Female	%	
Literacy	Total	%	
Municipal wards		No.	
Slums	Notified	No.	
Slums	Non-notified	No.	
Slum Population		No.	
Annual income (incl.grants) (2009-10)		Rs.in lakhs	
Annual expenditure (2009-10)		Rs.in lakhs	
Government Hospitals		No.	
Urban Health Centres		No.	
Private hospitals		No.	
Government schools		No.	
a. High schools		No.	
b. Upper primary schools		No.	
c. Primary schools		No.	
Municipal Schools		No.	
a. High schools		No.	
b. Upper primary schools		No.	
c. Primary schools		No.	
Private Schools		No.	
d. High schools		No.	
e. Upper primary schools		No.	
f. Primary schools		No.	
<b>Total Schools</b>			
Burial grounds		No.	
Vegetable Markets		No.	

Parks	No.	
Community Halls	No.	
Lakes / tanks	No.	
<b>Civil Society Organizations</b>		
TLFs	No.	
SLFs	No.	
SHGs	No.	
CMEY groups	No.	
Colony welfare associations	No.	
Civic exnora societies	No.	
NGOs	No.	

## 1.2 Infrastructure in a Nutshell

Item	Units	Details
<b>Water Supply</b>		
Protected water supply reservoirs	No.	
Total installed capacity or protected water supply	MGD	
Houser service connections	No.	
Public stand posts	No.	
Length of distribution pipe line	Km.	
Unserved population	%	
Water supply through bore wells	MGD	
Power bores	No.	
Hand bores	No.	
<b>Roads</b>		
C.C. roads length	Km.	
B T roads length	Km.	
WBM roads length	Km.	
Kutchra roads length	Km.	
Unreserved population	%	
<b>Drains</b>		
Pucca drains length	Km.	
Kutchra drains length	Km.	
Storm water drains length	Km.	
Unserved population	%	
<b>Street Lighting</b>		
High mast lights	No.	
Central lighting	No.	
SV lamps 150 watts	No.	
MV lamps	No.	
Tube lights 40 watts	No.	
Unserved population	%	
<b>Sanitation</b>		
Garbage generation/day	MTs	
Garbage lifted/day	MTs	
Service deficiency	%	

### 1.3 Receipts for the last 5 years

(Rs. in Crores)

Sl. No.	Item	2005-2006	2006-2007	2007-2008	2008-2009	2009-2010
1.	Taxes					
2.	Non-taxes					
3.	Assigned revenue					
4.	Non-plan grants					
5.	Plan grants					
6.	Opening balance					
	<b>Grand total</b>					

### 1.4 Expenditure for the last 5 years

(Rs. in Crores)

Sl. No.	Item	2005-2006	2006-2007	2007-2008	2008-2009	2009-2010
1.	Establishment					
2.	Maintenance of services					
3.	Capital works					
4.	Others					
	<b>Total</b>					

### 1.5 Reforms initiated and their impact

Sl. No.	Type of reform	Status	Impact
1.	Introduction of accrual based double entry accounting system		
2.	E-governance initiatives		
3(a)	Property tax coverage ratio - 2007-08		
	Property tax coverage ratio - 2008-09		
	Property tax coverage ratio - 2009-10		
3(b)	Property tax collection - 2007-08		
	Property tax collection - 2008-09		
	Property tax collection - 2009-10		
4.	User charges		

4(a)	Total O & M cost on water supply - 2007-08		
	Total water charges collected - 2007-08		
	Percentage of water charges collected to O&M cost - 2007-08		
4(b)	Total O & M cost on water supply - 2008-09		
	Total water charges collected - 2008-09		
	Percentage of water charges collected to O&M cost - 2008-09		
4(c)	Total O & M cost on water supply - 2009-10		
	Total water charges collected - 2009-10		
	Percentage of water charges collected to O&M cost - 2009-10		
5.	Earmarking of funds for utilization in slum areas - 2009-10		
5(a)	Net Municipal funds – 2009-10		
5(b)	40% net Municipal funds earmarked for slum areas – 2009-10		
5(c)	Amount utilized in slum areas during the year – 2009-10		
5(d)	Percentage of funds utilized – 2009-10		

## 1.6 Infrastructure Coverage

<b>A. Water Supply</b>			
Details	Unit	Dry Season	Wet Season
Households with HSCs	%		
Households served by PSPs	%		
Total households with piped water supply	%		
Households served by tankers	%		
Average supply time per day	Hours		
Average per capita supply	LPCD		
Average percentage losses in system(NRW, UFW)	%		
<b>B. Sewerage &amp; Sanitation</b>			
Type	Unit		
Households with sanitary latrines	%		
Households connected to sewers	%		
Households with unsanitary latrines	%		
Households with no facility	%		



C. Solid Waste Management					
Details	Unit	Town centre	Markets	Suburbs	Slums
Frequency of garbage collection	No./week				
Garbage generated per day	MTs				
Garbage collected per day	MTs				
Percentage of garbage collected	%				
Households covered by door-to-door collection of garbage	No.				
Households where garbage is segregated	No.				
Disposal of waste	Extent		Distance to Municipal limits		
a. Land fill					
b. Composting					
c. Dumping					
d. Others					
Annual expenditure on SWM inclusive of privatization of sanitation	Rs. in lakhs				
Annual expenditure on privatization of sanitation only	Rs. in lakhs				
D. Stormwater Drainage					
Main areas of town prone to flooding					
Frequency of flooding					
Extent of damage					
Availability of stormwater drainage master plan					
E. Roads					
Estimated percentage of all roads per built-up area					
Estimated percentage of pucca roads per built-up area					
Is there a roads or traffic plan?					
F. Street Lights					
Average spacing of street lights on main roads					
Average spacing of street lights on all roads					

### 1.7 Details of Ongoing Schemes

Sl. No.	Name of the scheme	Sector	Name of the work	Amount Rs. in lakhs	Funding by	Year of construction	Status	Coverage / area benifited

Commissioner  
----- Municipality /  
Corporation

**Annexure – II**  
**Annual Development Plan outlay with grants under XIII FC**

**Name of the ULB:-**

**Financial Year:-**

**(Rs. In Lakhs)**

<b>Sl. No.</b>	<b>Name of the Sector</b>	<b>Name of the Work</b>	<b>Estimated Cost</b>
1			
2			
3			
4			
5			
6			
7			
8			
9			
10			
Total			

Commissioner

----- Municipality / Corporation

**Annexure – III**

**Quarterly progress report on implementation of Annual Development  
Plan with grants under XIII FC for the quarter ending \_\_\_\_\_**

**Name of the ULB:-**

**(Rs. In Lakhs)**

<b>Sl. No.</b>	<b>Name of the Work</b>	<b>Estimated cost</b>	<b>Utilization of grants during the quarter</b>	<b>Cumulative Utilization of grants up the end of the quarter</b>	<b>Balance</b>
1.					
2.					
3.					
4.					
5.					
6.					
7.					
8.					
9.					
10.					
Total					

Commissioner

----- Municipality / Corporation